

# Request for City Council Committee Action from the Department of Intergovernmental Relations

**Date:** August 8, 2013

To: Council Vice President Robert Lilligren and Committee Chair Elizabeth Glidden

Referral to: Committee of the Whole; IGR Subcommittee

**Subject: Federal Update** 

**Recommendation: Receive and File** 

Prepared by: IGR Staff

Approved by: Gene Ranieri, IGR Director \_\_\_\_\_\_

Presenters in Committee: Gene Ranieri

## **Supporting Information:**

#### Overview.

The Congress adjourned on August 2 for the traditional summer (August) recess. Congress is scheduled to return after Labor Day (September 2). With the federal fiscal year ending on September 30 and the 2014 fiscal year beginning on October 1, Congress will need to take official action to avoid a government shutdown. Possible actions include but are not limited to passage of the appropriation bills, a continuing resolution and, if no action, a shutdown. As indicated in the attached table the Congress has not approved a budget resolution or passed a single appropriation bill. The House has approved four bills but the Senate has yet to pass an appropriation measure. In the week prior to the adjournment the House and Senate withdrew the Transportation and Housing and Urban Development appropriation bills from consideration for floor debate.

With less than a month from reconvening to the start of the new federal fiscal year it is likely that Congress will not pass appropriation bills. As a result of not completing the appropriation process, a continuing resolution (CR) could be adopted. The CR could be for a portion of the fiscal year or the total year. A short term CR seems probable. The appropriation amount could be the same as the current budget or could exclude the reductions resulting from the sequester. The reauthorization of the debt limit which could expire before the end of the year could impact the fiscal year 2014 budget and appropriations.

## **Budget Resolution.**

The House and Senate passed budget resolutions in March but a conference committee to resolve differences has not met. The House resolution contains appropriation cuts to most

federal agencies. Reductions to defense are less than those authorized by the sequester but domestic reductions are increased to meet the FY 2014 budget goal of \$966 million in discretionary reductions. Of the total the defense reductions are \$64.0 billion less than those contained in the Budget Control Act. The Senate proposes a budget that includes revenue raisers as well as reductions. The Senate resolution would raise approximately \$975 billion in revenue and reduce the deficit by approximately \$825.0 billion through budget reductions and reduced interest payments.

### Appropriations affecting the City of Minneapolis.

<u>Department of Justice. Byrne Grants</u>. The House bill reduces funding for the Department of Justice by \$356.582 million or approximately 15% from FY 2013. The Senate bill provides \$2.45 billion, \$567 million more than the House bill's level of \$1.8 billion for State and local law enforcement grants.\$385.0 million or \$13.0 million above the 2013 appropriation level prior to the application of the sequester. The House approved \$495.0 million for the Byrne grants but designates \$90.0 million for specific programs. Among the designated programs is \$75.0 million for school safety programs. The House's net appropriation for the Byrne program would be approximately \$370.0 million or similar to the Senate net amount.

The Senate also appropriates \$75.0 million for safe schools. However the Senate appropriation is an addition to the Community Oriented Policing (COPS) program.

<u>Department of Housing and Urban Development (HUD): Community Development Programs</u>. The City of Minneapolis participates in four HUD administered community development programs – Community Development Block Grants (CDBG), HOME, Housing Opportunities for People with Aids (HOPWA) and Homeless Assistance. The following table illustrates the differing funding levels proposed by the President in his budget and House and Senate Appropriations Committee actions

2014 Proposed Appropriation and President's Budget Request

Program	2013 Actual	2014 President	2014 House	2014 Senate
CDBG Formula Neighborhood Stabilization	\$ 3.078 billion -0-	\$ 2.798 billion 0.200	\$1.636 billion -0-	\$3.150 billion -0-
Integrated Planning/Invest.	-0-	0.075	-0-	0.075
HOPWA	0.315	0.332	0.303	0.332
HOME Homeless Assistance	0.948 1.933	0.950 2.381	0.070 2.088	1.000 2.261

The proposed House CDBG formula appropriation is a 46% reduction from the 2013 appropriation. The Senate appropriation is \$72 million above the 2013 level. The House bill was scheduled for a floor vote but was pulled from the calendar.

Homeless assistance grants include continuum of care grants and emergency solutions grants.

The House allocates not less than \$200.0 million for emergency solutions grants while the Senate has \$336.0 million in its bill.

## Transportation.

<u>Federal-Aid Highways</u>. This budget category includes such programs as the Surface Transportation Program (STP), National Highway Performance Program (NHPP), Highway Safety Improvement, Congestion Mitigation and Air Quality Improvement (CMAQ) program, Metropolitan Planning, Transportation Alternatives (TA) and Transportation Infrastructure Finance and Innovation Act (TIFIA) program. The President recommended \$40.256 billion in 2014 obligations from the Highway Trust Fund. The House and Senate concur with the President's request.

If the request is approved Minnesota would receive \$585,504,512 as compared to the FY 2013 amount of \$579,268,659.

<u>Transit; Capital Investment Grants</u>. The grants include small starts and new starts. The president recommended a 2014 appropriation \$1.981billion plus \$151.3 million in unused transit funds. The total program would be \$2.132billion.

The House recommended \$1.815.6 billion which would fund existing new and small starts full funding grant agreements. The Central Corridor is included in the appropriation. The House appropriation would not fund any new projects that do not have a full funding agreement. The "core capacity" grant program is also not funded. The core project program is a new program authorized by the transportation act (MAP21) that provides funding to improve transit capacity within existing transit corridors.

The Senate appropriation of \$1.942 billion funds the existing full funding agreements as well as recommended new stars and small starts projects. A listing of the projects by status as determined by FTA is attached. The Senate like the House, did not fund the "core project" request.

#### **Homeland Security.**

The City of Minneapolis is a direct recipient of firefighter assistance grants and a recipient of Urban Area Security Initiative (UASI) funds. The House and Senate did not agree with the President's request to include the firefighter grants in a state and local security block grant. The House and Senate funded firefighter assistance at \$675.0 million or approximately \$1.0 million above the 2013 level.

The UASI appropriation is included in the state and local programs budget account. The House and Senate fund the account at \$1.5 billion for FY 2014 or \$36.0 million above the FY 2013 funding level. The account includes several programs including UASI and State Homeland Security grants. The House directs the Secretary (Homeland Security) to distribute funds based on threat, vulnerability to high risk urban areas. The Senate allocates the appropriation to each program. For example the UASI is allocated \$601.2 million as compared to \$409 million in 2013. The House indicated in the committee report that the number of UASI recipients has decreased and recommended that the number of recipients be at a maximum of 25. The Twin Cities is currently rated within the top 25 areas. The Senate does not have a similar recommendation.